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Congress of the United States

House of Representatives

COMMITTEE ON WAYS AND MEANS

WASHINGTON, DC 20515

SUBCOMMITTEE ON SOCIAL SECURITY
July 17, 2002

Democrats' Doublespeak on Social Security

Dear Republican Colleague:

While Democrats claim they oppose "privatization" of Social Security at press conferences and blast the President's Commission to Strengthen Social Security and the plans it proposed, Democrat Senators Dorgan and Corzine have introduced legislation creating Social Security Plus Accounts (S. 2693) that fit within the parameters of the President's Commission's Model 1. Such accounts confirm that not only are personal accounts feasible, but that market returns can serve to secure retirement income.

Unfortunately, these accounts, funded by general revenues, are on top of Social Security and do virtually nothing to strengthen Social Security for the long run. This option of using taxpayer dollars to finance personal accounts, but leaving Social Security with its \$25 trillion cash shortfall, still puts Social Security at risk of future benefit cuts and tax increases. Otherwise, they would have to agree with us that the best way of saving Social Security is to allow workers to own and control real assets to back Social Security benefits and create a source of inheritable wealth.

As proof, my plan for strengthening Social Security, H.R. 3497 - the *Social Security Guarantee Plus Act of 2001*, meets or exceeds the criteria Democrats have laid out, as well as President Bush's principles. My plan would not "privatize" Social Security- Social Security would continue to send out the benefits and provide service, just as it does today. My plan allows workers to voluntarily build their nest eggs using personal accounts that augment Social Security's finances. Every American would receive full promised benefits regardless of the account's investment performance. My plan would also provide important enhancements in benefits for disabled and elderly widows, divorced spouses, and working parents caring for young children. It eliminates the senior earnings penalty and would reduce the Government Pension Offset. Social Security's actuaries have confirmed my plan would save Social Security for the next 75 years and beyond.

It's long past time to forge our common goals and priorities into a stronger Social Security. Show your constituents you support strengthening Social Security on a bipartisan basis without benefit cuts, without tax increases, but with voluntary personal accounts that will secure Social Security's future for today's seniors and future generations. Contact the Subcommittee on Social Security, at 225-9263 to co-sponsor this important legislation. For more information regarding my plan, see my web site at <http://www.house.gov/shaw/ssindex.html>.

Sincerely,



E. Clay Shaw, Jr.